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July 24, 2013

**VIA ELECTRONIC FILING**

Jocelyn G. Boyd  
Chief Clerk / Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29201

**RE: Application Regarding the Acquisition of Progress Energy, Incorporated by  
Duke Energy Corporation and Merger of Progress Energy Carolinas,  
Incorporated and Duke Energy Carolinas, LLC  
Docket No. 2011-158-E**

Dear Mrs. Boyd:

In Order No. 2012-517 Approving Joint Dispatch Agreement (“JDA”), the Public Service Commission of South Carolina (“Commission”) conditioned its approval of the JDA on, among other things, Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, Inc.’s (“DEP”) guarantee that DEP’s and DEC’s retail customers would receive pro rata benefits equivalent to those approved by the North Carolina Utilities Commission (“NCUC”) in its Order ruling upon DEC’s and DEP’s Merger Application, including the protections of the revised Regulatory Conditions and Code of conduct, to the extent allowable by South Carolina law. *Id.* at 41 ¶ 2. The Joint Final Consolidated Stipulation, Conditions, Code of Conduct approved by the NCUC states as follows:

**Direct Charging of Costs.** For purposes of distributing the costs of services provided between and among their affiliates, DEP shall continue to use direct charging, and all DEP employees shall continue to use positive time reporting. DEC shall increase the amount of such costs that are directly charged and will complete the transition to direct charging and positive time reporting within two years following the close of the Merger. DEC shall file semi-annual reports with the Commission detailing its progress in implementing these practices, with the first report due six months from the close of the Merger.

Jocelyn G. Boyd  
July 24, 2013  
Page 2

*Joint final Consolidated Stipulation, Conditions, and Code of Conduct*, Docket Nos. E-2, Sub 998 and E-7, Sub 986 ¶ 8.

In its first report submitted January 2, 2013, DEC reported it had developed a draft plan that aligned the DEC charging practices with the premerger DEP charging practices and required positive time reporting. Since that time, DEC has defined the time reporting process for all exempt employees to submit timesheets each pay period. This involved performing an analysis of system requirements to administer the new time reporting process, defining the manager approval and administrative follow-up process for employees who fail to submit a timesheet, and designing reports to be used to administer the timesheet submission process. DEC has begun developing and building the reports to be used. It has determined the deployment schedule for transitioning exempt employees to positive time reporting, beginning in July 2013, and has begun development of communications to be used with management and employees to communicate the new time reporting process. DEC still anticipates completion of a common time reporting system for all employees no later than January 2014, and now plans to consult with the Office of Regulatory Staff regarding the reporting process in the fall.

Please feel free to contact me if you have any questions.

Respectfully submitted,

A handwritten signature in blue ink, reading "Timika Shafeek-Horton". The signature is fluid and cursive, with the first name "Timika" being more prominent.

Timika Shafeek-Horton

cc: Shannon Hudson, ORS  
Courtney Edwards, ORS  
Parties of Record